
JEFFERSON PARISH FINANCE AUTHORITY

FINANCIAL STATEMENTS

DECEMBER 31, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **MAY 02 2012**



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A Professional Accounting Corporation

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JEFFERSON PARISH FINANCE AUTHORITY

FINANCIAL STATEMENTS

DECEMBER 31, 2011

JEFFERSON PARISH FINANCE AUTHORITY

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Jefferson Parish Finance Authority

We have audited the accompanying statements of net assets of the Jefferson Parish Finance Authority (the Authority), a component unit of the Parish of Jefferson, as of December 31, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audits

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 6, 2012 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures performed do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information included in Schedules 1 through 4 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance³ with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Postlethwaite + Nettonville

Metairie, Louisiana

April 6, 2012

JEFFERSON PARISH FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011 AND 2010

This section of the Jefferson Parish Finance Authority's (the Authority) financial report presents a discussion and analysis of the Authority's financial performance during the fiscal year that ended December 31, 2011. Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Authority is a component unit of the Parish of Jefferson, Louisiana.

2011

The Authority's net assets represent 13% of its total assets. With total assets approximating \$159 million, the Authority had changes in net assets of approximately \$1.3 million for the year ended December 31, 2011.

The Authority's financial highlights include:

- ♦ The Authority converted the 2009A Program to fixed rate bonds in the 2009A (Converted to Fixed Rate) hereafter 2009ACF program during the year ended December 31, 2011.
- ♦ The Authority redeemed the 2000G-1, 2000G-2 and 2001BC programs during the year ended December 31, 2011. The three programs transferred a total of approximately \$1.7 million to the 1991 program during the year ended December 31, 2011.
- ♦ The Authority's net assets increased by \$1.3 million due primarily to an appreciation in the market value of its investments in mortgage backed securities of \$1.7 million.

2010

The Authority's net assets represent 10% of its total assets. With total assets approximating \$190 million, the Authority had changes in net assets of approximately \$2.9 million for the year ended December 31, 2010.

The Authority's financial highlights include:

- ♦ The Authority extended the 2009A Program to December 31, 2011 and reset the interest rate from 5.35% to 4.95% during the year ended December 31, 2010.
- ♦ The Authority redeemed the 1998AC, 2000CDE, and 2006A programs during the year ended December 31, 2010.
- ♦ The Authority's net assets increased by \$2.9 million due primarily to an appreciation in the market value of its investments in mortgage backed securities of \$2.5 million.

JEFFERSON PARISH FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011 AND 2010

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of four parts management's discussion and analysis (this section), the basic financial statements, the notes to the financial statements, and supplementary information

The financial statements provide both long-term and short-term information about the Authority's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

The Authority's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Revenues, Expenses, and Changes in Net Assets. All assets and liabilities associated with the operation of the Authority are included in the Statements of Net Assets.

The Statement of Net Assets reports the Authority's net assets. Net assets, the difference between the Authority's assets and liabilities, are one way to measure the Authority's financial health or position. The increase in the Authority's net assets during 2011 and 2010 is an indicator of a relative increase in its financial health.

JEFFERSON PARISH FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011 AND 2010

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Assets

2011

The Authority's total net assets at December 31, 2011 increased to \$20,239, an increase of 7% from December 31, 2010 (See Table A-1) Total assets decreased by \$30,984 due primarily to a decrease in investment securities of \$28,882 and mortgage-backed securities of \$16,653 offset by an increase in cash of \$15,479. The liabilities decreased by \$32,272 due to the decrease in bonds payable of \$32,463 and increase in other liabilities of \$191.

Table A-1
Jefferson Parish Finance Authority
(in thousands of dollars)

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>
Cash and cash equivalents	\$ 26,050	\$ 10,571	\$ 15,479
Investments	2,909	31,791	(28,882)
Mortgage-backed securities	126,085	142,738	(16,653)
Other assets	3,892	4,820	(928)
Total assets	<u>158,936</u>	<u>189,920</u>	<u>(30,984)</u>
Other liabilities	1,898	1,707	191
Bonds payable	136,799	169,262	(32,463)
Total liabilities	<u>138,697</u>	<u>170,969</u>	<u>(32,272)</u>
Net assets			
Restricted for debt	12,721	13,614	(893)
Unrestricted:			
Undesignated	3,195	4,747	(1,552)
Designated	4,323	590	3,733
	<u>20,239</u>	<u>18,951</u>	<u>1,288</u>
Total liabilities and net assets	<u>\$ 158,936</u>	<u>\$ 189,920</u>	<u>\$ (30,984)</u>

JEFFERSON PARISH FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011 AND 2010

2010

The Authority's total net assets at December 31, 2010 increased to \$18,951, an increase of 13% from December 31, 2009. (See Table A-1) Total assets decreased by \$68,886 due primarily to a decrease in mortgage-backed securities of \$66,512 and a decrease in investment securities of \$8,237. The liabilities decreased by \$71,035 due to the decrease in bonds payable of \$71,114 and increase in other liabilities of \$79.

Table A-2
Jefferson Parish Finance Authority
(in thousands of dollars)

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>
Cash and cash equivalents	\$ 10,571	\$ 4,055	\$ 6,516
Investments	31,791	40,028	(8,237)
Mortgage-backed securities	142,738	209,250	(66,512)
Other assets	4,820	5,473	(653)
Total assets	<u>189,920</u>	<u>258,806</u>	<u>(68,886)</u>
Other liabilities	1,707	1,628	79
Bonds payable	169,262	240,376	(71,114)
Total liabilities	<u>170,969</u>	<u>242,004</u>	<u>(71,035)</u>
Net assets			
Restricted for debt	13,614	12,964	650
Unrestricted			
Undesignated	4,747	2,230	2,517
Designated	590	1,608	(1,018)
	<u>18,951</u>	<u>16,802</u>	<u>2,149</u>
Total liabilities and net assets	<u>\$ 189,920</u>	<u>\$ 258,806</u>	<u>\$ (68,886)</u>

JEFFERSON PARISH FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011 AND 2010

Changes in Net Assets

2011

Table A-3
Jefferson Parish Finance Authority
(in thousands of dollars)

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Investment income on mortgage loans	\$ 7,082	\$ 10,918	\$ (3,836)
Appreciation in fair value on investments	1,725	2,494	(769)
Investment income on investments	160	415	(255)
Other	356	11	345
Total operating revenues	<u>9,323</u>	<u>13,838</u>	<u>(4,515)</u>
Operating expenses	<u>8,035</u>	<u>10,908</u>	<u>(2,873)</u>
Change in net assets	1,288	2,930	(1,642)
Total net assets, beginning of the year	<u>18,951</u>	<u>16,021</u>	<u>2,930</u>
Total net assets, end of the year	<u>\$ 20,239</u>	<u>\$ 18,951</u>	<u>\$ 1,288</u>

Operating revenues decreased by 33% to \$9,323 million. This decrease in revenue is primarily due to the decrease in investment income on mortgage loans and decrease of the appreciation in fair value of investments. Increase in other revenue is due to income earned during the year on warehoused loans in the 2009A program.

Table A-4
Jefferson Parish Finance Authority
(in thousands of dollars)

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>
Interest on debt	\$ 5,105	\$ 7,752	\$ (2,647)
Amortization of bond issuance and other costs	1,292	1,006	286
Servicing fees	614	868	(254)
Other	1,024	1,282	(258)
Total operating expenses	<u>\$ 8,035</u>	<u>\$ 10,908</u>	<u>\$ (2,873)</u>

JEFFERSON PARISH FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2011 AND 2010

Operating expenses decreased due to \$2,647 less of interest payments on debt in 2011 than in 2010. Additional decrease of \$254 in servicing fees is due to the closing of three programs during 2010 and an additional three programs in 2011. Other expenses which primarily related to the additional costs associated with the redemption of the bonds programs were \$321 less than the prior year.

2010

Table A-5
Jefferson Parish Finance Authority
(in thousands of dollars)

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Investment income on mortgage loans	\$ 10,918	\$ 13,089	\$ (2,171)
Appreciation in fair value on investments	2,494	3,582	(1,088)
Investment income on investments	415	768	(353)
Other	11	111	(100)
Total operating revenues	<u>13,838</u>	<u>17,550</u>	<u>(3,712)</u>
Operating expenses	<u>10,908</u>	<u>13,954</u>	<u>(3,046)</u>
Change in net assets	2,930	3,596	(666)
Total net assets, beginning of the year	<u>16,021</u>	<u>13,206</u>	<u>2,815</u>
Total net assets, end of the year	<u>\$ 18,951</u>	<u>\$ 16,802</u>	<u>\$ 2,149</u>

Operating revenues decreased by 21% to \$13,838 million. This decrease in revenue is primarily due to the decrease in investment income on mortgage loans and decrease of the appreciation in fair value of investments.

Table A-6
Jefferson Parish Finance Authority
(in thousands of dollars)

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>
Interest on debt	\$ 7,752	\$ 10,583	\$ (2,831)
Amortization of bond issuance and other costs	1,006	821	185
Servicing fees	868	1,069	(201)
Other	1,282	1,481	(199)
Total operating expenses	<u>\$ 10,908</u>	<u>\$ 13,954</u>	<u>\$ (3,046)</u>

JEFFERSON PARISH FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2011 AND 2010

Operating expenses decreased due to \$2,831 less of interest payments on debt in 2010 than in 2009. Additional decrease of \$199 in other expenses which related to the additional costs associated with the redemption of the 2000CDE and 2006A programs was offset by an increase of \$185 in amortization expense

DEBT ADMINISTRATION

2011

Total indebtedness for bonds payable was \$137 million as of December 31, 2011 compared to \$169 million at December 31, 2010. The decrease in bonds payable is the result of payment in full of the outstanding bonds for the 2000G-1, 2000G-2, and 2001BC programs during 2011

All bond debt and lease covenants have been met.

2010

Total indebtedness for bonds payable was \$169 million as of December 31, 2010 compared to \$240 million at December 31, 2009. The decrease in bonds payable is the result of payment in full of the outstanding bonds for the 1998AC, 2000CDE, and 2006A programs during 2010

All bond debt and lease covenants have been met

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Authority considered the following factors and next year's budget, rates and fees. These factors and indicators include.

- ♦ Mortgage rates remain low creating continued pressure on the existing Programs to reduce user fees through mortgage rate refinancing (reductions)
- ♦ As market conditions continue to improve, the Authority should be able to offer new bond programs. However, long term planning continues to be difficult due to the uncertainty of the future of government mortgage backed securities
- ♦ The overall operating expenses of the Authority were reduced in 2011. The revenues for 2012 should be sufficient to meet budget needs and allow for the introduction of new bond programs when market conditions permit

JEFFERSON PARISH FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011 AND 2010

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Jefferson Parish Finance Authority at (504) 736-6311.

JEFFERSON PARISH FINANCE AUTHORITY

STATEMENTS OF NET ASSETS
(IN THOUSANDS)

AS OF DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and cash equivalents	\$ 26,050	\$ 10,571
Investment securities at fair value	2,909	31,791
Mortgage-backed securities	126,085	142,738
Accrued interest receivable	527	621
Bond issuance costs, net	<u>3,365</u>	<u>4,199</u>
Total assets	<u>\$ 158,936</u>	<u>\$ 189,920</u>
Liabilities and Net Assets		
Liabilities:		
Bonds payable, net	\$ 136,799	\$ 169,262
Accrued interest payable	1,718	1,625
Other liabilities	<u>180</u>	<u>82</u>
Total liabilities	<u>138,697</u>	<u>170,969</u>
Net Assets:		
Restricted for debt	12,721	13,614
Unrestricted		
Undesignated	3,195	4,747
Designated	<u>4,323</u>	<u>590</u>
Total net assets	<u>20,239</u>	<u>18,951</u>
Total liabilities and net assets	<u>\$ 158,936</u>	<u>\$ 189,920</u>

See accompanying notes to financial statements

JEFFERSON PARISH FINANCE AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
(IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Investment income on mortgage loans	\$ 7,082	\$ 10,918
Appreciation in fair market value of investments in mortgage-backed securities	1,725	2,494
Investment income on investment securities	160	415
Gain on warehouse loans	333	-
Servicer release fee	23	11
	<u>9,323</u>	<u>13,838</u>
Total operating revenues		
	<u>9,323</u>	<u>13,838</u>
Operating expenses		
Interest on debt	5,105	7,752
Amortization of bond issuance costs and other costs	1,292	1,006
Servicing fees	614	868
Trustee fees	85	108
Other operating expenses	939	1,174
	<u>8,035</u>	<u>10,908</u>
Total operating expenses		
	<u>8,035</u>	<u>10,908</u>
Change in net assets before other financing sources	1,288	2,930
Other financing sources:		
Operating transfers	-	-
	<u>-</u>	<u>-</u>
Total other financing sources		
	<u>-</u>	<u>-</u>
Change in net assets	1,288	2,930
Nets assets at beginning of the year	18,951	16,021
	<u>18,951</u>	<u>16,021</u>
Net assets at end of the year	<u>\$ 20,239</u>	<u>\$ 18,951</u>

See accompanying notes to financial statements

JEFFERSON PARISH FINANCE AUTHORITY

STATEMENTS OF CASH FLOWS

(IN THOUSANDS)

AS OF DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Cash receipts for		
Investment income on mortgage loans	\$ 7,072	\$ 11,250
Investment income on investment securities	157	459
Cash payments for		
Interest on debt	(6,127)	(10,496)
Servicing fees	(507)	(868)
Other revenue	382	-
Other operating expenses	<u>(1,486)</u>	<u>(1,289)</u>
Net cash used in operating activities	<u>(509)</u>	<u>(944)</u>
Cash flows from noncapital financing activities		
Bond proceeds	25,000	-
Bonds redeemed	(56,097)	(69,054)
Bond issuance costs	<u>(176)</u>	<u>(730)</u>
Net cash used in noncapital financing activities	<u>(31,273)</u>	<u>(69,784)</u>
Cash flows from investing activities		
Proceeds from sale of investment securities	26,978	12,654
Proceeds from mortgage loan repayments	22,233	68,344
Acquisition of investment securities	<u>(1,950)</u>	<u>(3,754)</u>
Net cash provided by investing activities	<u>47,261</u>	<u>77,244</u>
Net increase in cash and cash equivalents	15,479	6,516
Cash and cash equivalents at beginning of year	<u>10,571</u>	<u>4,055</u>
Cash and cash equivalents at end of year	<u>\$ 26,050</u>	<u>\$ 10,571</u>
Reconciliation of changes in net assets to net cash used in operating activities		
Changes in net assets	\$ 1,288	\$ 2,930
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Amortization of bond issuance and other costs	1,010	1,006
Amortization of bond premium and discount	(1,367)	(2,060)
Unrealized gains on investments in mortgage-backed securities	(1,726)	(2,494)
Change in assets and liabilities		
Accrued interest receivable	94	376
Other liabilities	98	(18)
Accrued interest payable	<u>94</u>	<u>(684)</u>
Net cash used in operating activities	<u>\$ (509)</u>	<u>\$ (944)</u>

See accompanying notes to financial statements

JEFFERSON PARISH FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

(1) Organization and Summary of Significant Accounting Policies

(a) Authorizing Legislation

The Jefferson Parish Finance Authority (the Authority) is a public trust, created pursuant to the Constitution and Laws of the State of Louisiana, particularly Chapter 2-A of Title 9 of Louisiana Revised Statutes of 1950, as amended, and the Trust Indenture, dated February 9, 1979, with Jefferson Parish, Louisiana as beneficiary. Pursuant to the Trust Indenture, the Authority is authorized to undertake various programs to assist in the financing and development of home ownership in the public interest within the boundaries of Jefferson Parish, Louisiana.

The Authority has the power to designate its management, the ability to significantly influence its operations and primary accountability for its fiscal matters. However, the Council of the Parish of Jefferson has the ability to remove members of the Authority's Board at will. Consequently, the financial statements of the Authority are included as a component unit of the Parish of Jefferson, Louisiana. This report includes all of the funds of the Authority.

The Authority began operations on August 1, 1979 and currently has separate bond programs as shown with original issuance amounts below:

<u>Date</u>	<u>Issue Name</u>	<u>Amount (in thousands)</u>
December 31, 1991	Single Family Mortgage Revenue Bonds, Series 1991 (1991 Program)	\$ <u>19,175</u>
November 29, 2000	Single Family Mortgage Revenue Refunding Bonds, Series 2000G-1 (2000G1 Program)	\$ <u>14,940</u>
January 25, 2001	Single Family Mortgage Revenue Refunding Bonds, Series 2000G-2 (2000G2 Program)	\$ <u>20,000</u>
August 2, 2001	Single Family Mortgage Revenue Refunding Bonds, Series 2001BC (2001BC Program)	\$ <u>31,735</u>
May 29, 2003	Single Family Mortgage Revenue Refunding Bonds, Series 2003A (2003A Program)	\$ <u>15,000</u>
December 12, 2003	Single Family Mortgage Revenue Refunding Bonds, Series 2003C (2003C Program)	\$ <u>30,000</u>

JEFFERSON PARISH FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

(1) Organization and Summary of Significant Accounting Policies (continued)

<u>Date</u>	<u>Issue Name</u>	<u>Amount (in thousands)</u>
August 4, 2004	Single Family Mortgage Revenue Refunding Bonds, Series 2004A (2004A Program)	\$ <u>20,000</u>
July 21, 2005	Single Family Mortgage Revenue Refunding Bonds, Series 2005A (2005A Program)	\$ <u>20,000</u>
August 10, 2006	Single Family Mortgage Revenue Refunding Bonds, Series 2006B (2006B Program)	\$ <u>28,645</u>
November 14, 2006	Single Family Mortgage Revenue Refunding Bonds, Series 2006C (2006C Program)	\$ <u>20,000</u>
March 15, 2007	Single Family Mortgage Revenue Refunding Bonds, Series 2006D (2006D Program)	\$ <u>20,000</u>
June 28, 2007	Single Family Mortgage Revenue Refunding Bonds, Series 2007B (2007B Program)	\$ <u>20,000</u>
November 20, 2007	Single Family Mortgage Revenue Refunding Bonds, Series 2007C (2007C Program)	\$ <u>30,000</u>
November 10, 2008	Single Family Mortgage Revenue Bonds, Series 2008B (Federally Taxable) (2008B Program)	\$ <u>10,000</u>
December 1, 2009	Single Family Mortgage Revenue Bonds, Series 2009A (2009A Program)	\$ <u>25,000</u>
November 22, 2011	Single Family Mortgage Revenue Bonds, Series 2009A Converted to Fixed Rate (2009ACF Program)	\$ <u>25,000</u>

JEFFERSON PARISH FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

(1) Organization and Summary of Significant Accounting Policies (continued)

During the year ended December 31, 2009, the 2009A program issued \$25 million of bonds. During the year ended December 31, 2010 the 1998AC, 2000CDE, and 2006A programs were redeemed in full using the proceeds from the sale of investments. During the year ended December 31, 2011, the 2000G1, 2000G2, and 2001BC programs were redeemed in full using the proceeds from the sale of investments. On November 22, 2011 the 2009A escrow bonds were exchanged for the 2009ACF converted single family mortgage revenue bonds.

Bonds and other obligations issued under the provisions of the Trust Indenture are not a debt or liability of the State of Louisiana, the Parish of Jefferson, or any other political subdivision. The Authority's Board of Trustees is empowered under the Trust Indentures and the bond program agreements to contract with outside parties to conduct the day-to-day operations of the bond programs it initiates. In connection with the programs, the Authority utilizes area financial institutions to originate and service the mortgage notes acquired. In addition, a financial institution has been designated as trustee of the individual bond programs and has the fiduciary responsibility for the custody and investment of funds.

(b) *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to governments. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses, excluding depreciation and amortization, are recorded when a liability is incurred, regardless of the timing of related cash flows. The Authority has no government or fiduciary funds.

The Authority uses fund accounting to report its financial position and results of operations. The accounts of the Authority are organized on the basis of individual programs. The programs, which are administered by a trustee bank, provide for a separate set of self-balancing accounts which account for bonds issued, debt service and bond redemption requirements, investments, and related revenues and operating expenses. These individual programs are aggregated in the financial statements to comprise the fund of the Authority.

The Authority's accounts are organized into a single proprietary fund. The enterprise fund (a proprietary fund) is used to account for operations (a) that are operated in a manner similar to private business where the intent of the governing body is that the cost (expense, including depreciation) of providing goods and services to the general public is financed or recovered primarily through user charges or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred and/or changes in net assets is appropriate for capital maintenance.

The Authority's principal operating revenues are the interest and appreciation (depreciation) related to investments and mortgages/mortgage-backed securities. The Authority applies all applicable FASB pronouncements issued on or before November 30, 1989 in accounting for its operations unless those pronouncements conflict or contradict GASB pronouncements.

JEFFERSON PARISH FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

(1) Organization and Summary of Significant Accounting Policies (continued)

(c) *Cash Equivalents*

Cash equivalents consist of all money market accounts and highly-liquid investments with a maturity of three months or less at date of purchase

(d) *Investment Securities*

Investments are reported at fair value except for money markets and short-term investments, consisting primarily of financial instruments with a maturity of one year or less at time of purchase, which are reported at cost. Fair value is based on quoted market prices. If quoted prices are not available, fair value is estimated based on similar securities. The investment securities are restricted for the use of the respective programs with the exception of the investment securities in the 1991 Residual Account which are unrestricted.

(e) *Bond Issuance Costs*

Bond issuance costs, including underwriters' discounts on bonds sold, are deferred and amortized over the life of the indebtedness based on the principal amounts of the bonds outstanding, a method that approximates the interest method.

(f) *Refinancing Gains (Losses)*

Gains and losses associated with refundings and advance refundings are being deferred and amortized as a component of interest expense based upon the methods used to approximate the interest method over the term of the new bonds or the remaining term on any refunded bond, whichever is shorter. The new debt is reported net of the deferred amount on the refunding.

(g) *Real Estate Owned*

Real estate owned, comprised of real estate acquired in partial settlement of loans, is recorded at the related unpaid loan principal balance at the time of foreclosure. Substantially all costs of maintaining real estate owned are reimbursed under various insurance coverages. The excess of the unpaid principal and accrued interest balances over sales proceeds realized is also reimbursed under various insurance coverages. The Authority has no real Estate Owned properties at December 31, 2011 and 2010.

(h) *Compensated absences*

It is the Authority's policy to permit employees to accumulate earned but unused annual and sick pay benefits. Employees may carry over annual leave up to forty days and an unlimited amount of sick leave. However, at the time of an employee's separation they are only paid for up to twenty days of annual leave and forty days of sick leave. The compensated absences policy of the Authority is consistent with the compensated absences policy of Jefferson Parish. At December 31, 2011, compensated absences of \$51,000 are included in other liabilities.

JEFFERSON PARISH FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

(1) Organization and Summary of Significant Accounting Policies (continued)

(i) *Reclassification*

Certain amounts in the 2010 financial statements have been reclassified to conform with the 2011 presentation

(j) *Estimates*

The Authority has made estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the balance sheet in conformity with accounting principles generally accepted in the United States of America. Actual amounts could be different from the estimates

(2) Cash, Cash Equivalents, Investment Securities, and Mortgage Loan Receivable

(a) *Cash, Cash Equivalents and Deposits*

Cash deposits and cash equivalents of \$26,050 and \$10,571 at December 31, 2011 and 2010, respectively, are held in financial institutions.

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investments are held by the custodial bank as an agent for the Authority, in the Authority's name and are thereby not exposed to custodial credit risk. At December 31, 2011 and 2010, the Authority's deposits with banks consisted of cash of \$20 and \$20 and money market funds of \$26,030 and \$10,551. Of the cash balance at December 31, 2011 and 2010, \$20 and \$20 is covered by federal depository insurance. The remaining amount of the Authority's cash balances were comprised of cash equivalents that were invested in money market funds, of which the underlying assets are guaranteed investments in securities issued by the U S Government.

(b) *Investments and Mortgage Loan Receivable*

At December 31, 2011 and 2010, investments were held as specifically as required under terms of the Trust Indentures and the State of Louisiana investment laws. These investments include U S Treasury bills, U S Treasury notes, guaranteed investment contracts, and certificates of deposit.

Statutes authorize the Authority to invest in bonds, debentures, notes or otherwise evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the U.S., (1) Direct U S Treasury obligations; which obligations include but are not limited to (2) U S Export-Import Bank, (3) Farmers Home Administration; (4) Federal Financing Bank, (5) Federal Housing Administration Debentures, (6) General Services Administration, (7) Government National Mortgage Association - guaranteed mortgage-backed bonds and guaranteed pass-through obligations; (8) U.S. Maritime Administration - guaranteed Title XI financing, and (9) U S Department of Housing and Urban Development.

JEFFERSON PARISH FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

(2) Cash, Cash Equivalents, Investment Securities, and Mortgage Loan Receivable (continued)

Bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by U S government instrumentalities, which are federally sponsored and such obligations include but are not limited to (1) Federal Home Loan Bank System, (2) Federal Home Loan Mortgage Corporation, (3) Federal National Mortgage Association, (4) Student Loan Marketing Association, and (5) Resolution Funding Corporation

The following are the components of the Authority's cash, investments, and mortgage loan receivable at December 31, 2011 and 2010 (in thousands)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<u>2011</u>			
Cash and cash equivalents	\$ 4,979	\$ 21,071	\$ 26,050
Investments	-	2,909	2,909
Mortgage loan receivable	2,649	123,436	126,085
Total	<u>\$ 7,628</u>	<u>\$ 147,416</u>	<u>\$ 155,044</u>
<u>2010</u>			
Cash and cash equivalents	\$ 3,367	\$ 7,204	\$ 10,571
Investments	-	31,791	31,791
Mortgage loan receivable	3,057	139,681	142,738
Total	<u>\$ 6,424</u>	<u>\$ 178,676</u>	<u>\$ 185,100</u>

The composition and carrying value of investments is as follows

	<u>2011</u>	<u>2010</u>
	(in thousands)	(in thousands)
Guaranteed Investment Contracts.		
2001BC Program	-	288
2003A Program	262	126
2003C Program	425	797
2004A Program	294	309
2005A Program	240	505
2006B Program	491	541
2006C Program	260	418
2006D Program	393	1,613
2007B Program	166	889
2007C Program	378	1,305
2009A Program	-	25,000
	<u>\$ 2,909</u>	<u>\$ 31,791</u>

JEFFERSON PARISH FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

(2) Cash, Cash Equivalents, Investment Securities, and Mortgage Loan Receivable (continued)

Mortgage loans receivable for the 2003C program consists of the mortgage loan receivable remaining from the 1993 Program and include mortgage loans represented by fully modified mortgage pass-through certificates (GNMA certificates) backed by certain qualifying mortgage loans for single-family residences located within the Parish of Jefferson

Mortgage loan receivable for the 2000G1, 2000G2, 2001BC, 2003A, 2003C, 2004A, 2005A, 2006B, 2006C, 2006D, 2007B, 2007C, 2008B and 2009ACF programs represents mortgage pass-through certificates (GNMA, FNMA, and FHLMC certificates) backed by certain qualifying mortgage loans for single-family residences located within the Parish of Jefferson. The GNMA certificates are fully guaranteed by the United States government, the Authority is not responsible for mortgage loan insurance. The FNMA and FHLMC certificates are fully guaranteed by the Federal National Mortgage Association, a federally chartered and stockholder-owned corporation.

In the 2003C Program, each mortgage loan purchased by the Authority is insured for mortgage default under various policies. Additionally, mortgage loans are insured under a master policy of supplemental mortgage insurance and under a master policy of special hazard insurance. Each participating mortgage lender services those loans purchased from it by the Authority and receives compensation for services rendered.

The fair values of GNMA and FNMA certificates and mortgage loans receivable at December 31 are as follows

	<u>2011</u>	<u>2010</u>
	(in thousands)	(in thousands)
GNMA Certificates		
1991 Program	\$ 1,694	\$ 1,953
2001BC Program	-	5,960
2003A Program	6,572	7,400
2003C Program	11,921	13,015
2004A Program	8,526	9,278
2005A Program	10,055	11,342
2006B Program	8,073	9,251
2006C Program	4,578	5,050
2006D Program	5,016	5,228
2007B Program	5,510	5,771
2007C Program	13,666	16,592
2008B Program	5,619	7,034
2009ACF Program	5,573	-
	<u>\$ 86,803</u>	<u>\$ 97,874</u>

(Continued on next page)

JEFFERSON PARISH FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

(2) Cash, Cash Equivalents, Investment Securities, and Mortgage Loan Receivable (continued)

	<u>2011</u>	<u>2010</u>
	(in thousands)	(in thousands)
FNMA Certificates:		
1991 Program	\$ 955	\$ 505
2001BC Program	-	61
2003A Program	580	583
2003C Program	1,080	1,306
2004A Program	674	681
2005A Program	2,758	3,211
2006B Program	4,466	4,711
2007B Program	843	971
	<u>11,356</u>	<u>12,029</u>
FHLMC Certificates		
1991 Program	-	599
2006B Program	4,717	5,289
2006C Program	7,222	8,315
2006D Program	6,736	7,469
2007B Program	5,925	7,111
2007C Program	3,270	3,925
	<u>27,870</u>	<u>32,708</u>
Mortgage Loans		
2003C Program	56	127
	<u>56</u>	<u>127</u>
	<u>\$ 126,085</u>	<u>\$ 142,738</u>

Investments and Mortgage Loan Receivable – Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority manages interest rate risk by matching the expected future maturity of the investments and mortgage loan receivable to the expected cash flow needs and bonds payable requirements. The Authority also limits the maximum maturity of investments in accordance with their investment policy.

JEFFERSON PARISH FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

(2) Cash, Cash Equivalents, Investment Securities, and Mortgage Loan Receivable (continued)

The following table shows the Authority's investments and mortgage loan receivable and the related maturities in actively managed accounts at December 31, 2011:

(in thousands)	Remaining Maturity in Years				
	Fair Value	Less Than 1	1-5	5-10	>10
Mortgage-backed securities	\$ 126,029	\$ 3,045	\$ 14,714	\$ 18,580	\$ 89,690
Mortgage loan receivables	56	13	43	-	-
Guaranteed investment contracts	2,909	-	-	-	2,909
Money market funds	26,029	26,029	-	-	-
Total	<u>\$ 155,023</u>	<u>\$ 29,087</u>	<u>\$ 14,757</u>	<u>\$ 18,580</u>	<u>\$ 92,599</u>

The Authority's investments in guaranteed investment contracts are not subject to interest rate risk since the financial institutions guarantee the principal and interest on the investment.

The Authority receives a rate equal to the stated interest rate net the .50% servicer/administrator fee retained by the Servicer for GNMA, FNMA, and FHLMC securities. The mortgage loans have stated interest rates to the Authority as follows:

2000G1 Program	8.50%
2000G2 Program	6.20% and 6.80%
2001BC Program	6.44% and 7.04%
2003A Program	5.35% and 5.95%
2003C Program	5.28% and 5.88%
2004A Program	6.36%
2005A Program	5.90%
2006B Program	5.84%
2006C Program	5.63%
2006D Program	5.86%
2007B Program	6.39%
2007C Program	6.36%
2008B Program	6.75%
2009ACF Program	3.50%

Investments – Credit Quality Risk

Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligation to the Authority. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not assigned credit quality ratings. Credit quality ratings are reported on obligations of U.S. Government agencies not explicitly guaranteed by the U.S. Government.

JEFFERSON PARISH FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

(2) Cash, Cash Equivalents, Investment Securities, and Mortgage Loan Receivable (continued)

The following table provides information on the credit ratings associated with the Authority's investments in debt securities at December 31, 2011 (in thousands of dollars):

Mortgage-backed

S&P Rating	Total	Securities	GIC
AAA	\$ 126,029	\$ 126,029	\$ -
AA-	\$ 501	\$ -	\$ 501
A+	\$ 2,408	\$ -	\$ 2,408
	<u>\$ 128,938</u>	<u>\$ 126,029</u>	<u>\$ 2,909</u>

Failure of the financial institutions to meet minimum credit ratings requires the institutions to provide collateral to support the investment contract. In November 2010, the Authority was notified that Pallas Capital Corporation as the provider of the Guaranteed Investment Contracts totaling \$2,130,290 for the 2006B, 2007B, 2007C programs was downgraded by Moody's. Funds were withdrawn and temporarily invested in the Hancock Horizon U.S. Government Money Market Fund. In December 2010, the funds for the 2006B, 2007B, and 2007C were invested in Guaranteed Investment Contracts with Natixis Funding Corporation.

Investments and Mortgage Loan Receivable- Concentration of Credit Risk

The Authority's Investment Policy does not allow for more than 70% of the total investment portfolio to be invested in Bonds, debentures, note or otherwise evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the United States of America.

As of December 31, 2011, management believes all investments held and purchased for the Authority's portfolio during 2011, as it relates to Acts 374 and 1126 (effective June 29, 1995) adhered to the permitted investments section of LSA-R.S. 33:2955. In particular, securities held or purchased during the year include only U.S. Treasury bills, U.S. Treasury Notes, and the Hancock Horizon Treasury Securities Money Market Funds.

JEFFERSON PARISH FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

(3) Bonds Payable

Bonds payable are as follows at December 31

	<u>2011</u>	<u>2010</u>
	(in thousands)	
Single Family Mortgage Revenue Refunding Bonds, Series 2000G-1 dated November 15, 2000 – bonds paid in full during 2011.	\$ -	\$ 992
Single Family Mortgage Revenue Refunding Bonds, Series 2000G-2 dated January 10, 2001 - bonds paid in full during 2011	-	4,028
Single Family Mortgage Revenue Refunding Bonds, Series 2001B-1 dated June 27, 2001 – bonds paid in full during 2011	-	5,738
Single Family Mortgage Revenue Refunding Bonds, Series 2003A dated May 29, 2003 - \$2,115 due June 1, 2026 at 5.125%, \$2,000 due June 1, 2034 at 5.0%, \$2,460 due December 1, 2034 at 5.0%, (plus premium on bonds of \$273)	6,848	7,683
Single Family Mortgage Revenue Refunding Bonds, Series 2003C dated December 11, 2003 - \$1,990 due December 1, 2024 at 4.5%, \$1,110 due December 1, 2026 at 5.5%, \$4,320 due June 1, 2034 at 5.0%, \$4,315 due December 1, 2034 at 5.0% (plus premium on bonds of \$369)	12,104	13,591
Single Family Mortgage Revenue Refunding Bonds, Series 2004A dated June 17, 2004 - \$490 due June 1, 2015 at 4.7%, \$1,515 due December 1, 2024 at 5.1%, \$1,585 due December 1, 2034 at 5.25%, \$1,585 due June 1, 2035 at 5.25%, and \$3,145 due December 1, 2035 at 5.9% (plus premium on bonds of \$306)	8,626	9,543
Single Family Mortgage Revenue Refunding Bonds, Series 2005A dated July 21, 2005 - \$715 due June 1, 2015 at 4.0%, \$6,375 due December 1, 2035 at 4.65%, and \$4,440 due June 1, 2036 at 5.55% (plus premium on bonds of \$457)	11,987	14,229

JEFFERSON PARISH FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

(3) Bonds Payable (continued)

	<u>2011</u>	<u>2010</u>
	(in thousands)	
Single Family Mortgage Revenue Refunding Bonds, Series 2006B dated July 26, 2006 - \$12,245 due December 1, 2032 at 5.25%, \$3,000 due June 1, 2037 at 4.60% (plus premium on bonds of \$930)	\$ 16,175	\$ 18,694
Single Family Mortgage Revenue Refunding Bonds, Series 2006C dated October 31, 2006 - \$8,540 due June 1, 2033 at 5.0%, and \$1,995 due December 1, 2038 at 5.0% (plus premium on bonds of \$687)	11,222	13,338
Single Family Mortgage Revenue Refunding Bonds, Series 2006D dated March 1, 2007 - \$10,990 due June 1, 2038 at 5.0% (plus premium on bonds of \$446)	11,436	13,849
Single Family Mortgage Revenue Refunding Bonds, Series 2007B dated June 1, 2007 - \$11,110 due December 1, 2048 at 5.7% (plus premium on bonds of \$496)	11,606	14,207
Single Family Mortgage Revenue Refunding Bonds, Series 2007C dated October 31, 2007 - \$985 due December 1, 2017 at 4.25%, \$2,495 due December 1, 2027 at 4.85%, \$6,730 due June 1, 2039 at 5.70%, and \$5,140 due December 1, 2039 at 5.50% (plus premium on bonds of \$988)	16,338	21,554
Single Family Mortgage Revenue Refunding Bonds, Series 2008B dated November 10, 2008 - \$5,177 due December 1, 2040 at 6.03 (plus premium on bonds of \$280)	5,457	6,816
Single Family Mortgage Revenue Refunding Bonds, Series 2009A dated December 1, 2009 - exchanged in 2011 for Series 2009ACF	-	25,000

JEFFERSON PARISH FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

(3) Bonds Payable (continued)

	<u>2011</u>	<u>2010</u>
	(in thousands)	
Single Family Mortgage Revenue Refunding Bonds, Series 2009ACF dated November 22, 2011 - \$25,177 due December 1, 2041 at 2.32.	<u>25,000</u>	<u>-</u>
Total bonds payable	<u>\$ 136,799</u>	<u>\$ 169,262</u>

The Authority is in compliance with its bond covenants.

The bonds in the 1991 Program (sold in 2002) are secured by an assignment and pledge of and security interest in: (i) all mortgage loans and the income therefrom (including all insurance proceeds with respect to the mortgage loans), (ii) the Authority's rights and interests in and to the agreement and (iii) all monies and securities held under the Trust Indentures, including monies in the funds and accounts created pursuant thereto (excluding certain monies representing excess investment earnings, if any, required to be remitted to the United States Government in accordance with the Trust Indentures).

During the year ended December 31, 2010, the Authority sold the assets of the 1998AC, 2000CDE, and 2006A programs and used the proceeds to redeem the bonds of the same programs. Excess cash of \$2,857,948 in the 1998AC, 2000CDE, and 2006A programs was transferred to the 1991 program during the year ended December 31, 2010. During the year ended December 31, 2011, the 2000G1, 2000G2, and 2001BC programs were redeemed in full using the proceeds from the sale of investments. Excess cash of \$1,702,731, in the 2000G-1, 2000G-2, and 2001BC programs was transferred to the 1991 program during the year ended December 31, 2011. On November 22, 2011 the 2009A escrow bonds were exchanged for the 2009ACF converted single family mortgage revenue bonds.

Under the Trust Indentures, the Authority has the option to redeem bonds maturing on or after December 1, 2010 long term bonds (2000G1 Program) at 102% of the then outstanding balance and subsequently lesser prices declining to par; December 1, 2010 long term bonds (2000G2 and 2001BC) at 102% of the then outstanding balance and subsequently lesser prices declining to par and December 1, 2011 at 101% of the then outstanding balance and subsequently lesser prices declining to par; June 1, 2015 (2005A) at 101% of the then outstanding balance and subsequently lesser prices declining to par; June 1, 2016 (2006B) at 103 0% of the then outstanding balance and subsequently lesser prices declining to par; and June 1, 2016 (2006C) at 103% of the then outstanding balance and subsequently lesser prices declining to par. The 2000G-1 and 2000G-2 programs were redeemed in full during the year ended December 31, 2011.

Under the Trust Indentures for the 2007B, 2007C, 2008B, 2009A, and 2009ACF programs, the Authority has the option to redeem bonds maturing on or after any date as a whole at a redemption price equal to 100% of the principal amount thereof being redeemed, plus interest accrued to the date fixed for redemption.

JEFFERSON PARISH FINANCE AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
(IN THOUSANDS)**

DECEMBER 31, 2011 AND 2010

(3) Bonds Payable (continued)

A summary of scheduled bond maturities (in thousands) as of December 31, 2011 is as follows:

	2012	2013	2014	2015	2016	2017- 2021	2022- 2026	2027- 2031	2032- 2036	2037- 2041	2042- 2046	2047- 2051	Premiums (Discounts)	Total
Principal														
2000G1 Program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2000G2 Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2001BC Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2003A Program	-	-	-	-	-	-	2,115	-	4,460	-	-	-	273	6,848
2003C Program	-	-	-	-	-	-	3,100	-	8,635	-	-	-	369	12,104
2004A Program	-	-	-	490	-	-	1,515	-	6,315	-	-	-	306	8,626
2005A Program	-	-	-	715	-	-	-	-	10,815	-	-	-	457	11,987
2006B Program	-	-	-	-	-	-	-	-	12,245	3,000	-	-	930	16,175
2006C Program	-	-	-	-	-	-	-	-	8,540	1,995	-	-	687	11,222
2006D Program	-	-	-	-	-	-	-	-	-	10,990	-	-	446	11,436
2007B Program	-	-	-	-	-	-	-	-	-	-	-	11,110	496	11,606
2007C Program	-	-	-	-	-	985	-	2,495	-	11,870	-	-	988	16,338
2008B Program	-	-	-	-	-	-	-	-	-	5,177	-	-	280	5,457
2009A Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2009ACF Program	680	1,520	1,790	1,940	1,830	6,870	4,460	3,080	2,140	690	-	-	-	25,000
Total due each year	680	1,520	1,790	3,145	1,830	7,855	11,190	5,575	53,150	33,722	-	11,110	5,232	136,799
Interest														
2000G1 Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2000G2 Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2001BC Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2003A Program	331	331	331	331	331	1,657	1,657	1,115	671	-	-	-	-	6,755
2003C Program	582	582	582	582	582	2,912	2,733	2,159	1,296	-	-	-	-	12,010
2004A Program	452	452	452	452	452	2,146	1,992	1,760	1,303	-	-	-	-	9,461
2005A Program	571	571	571	571	543	2,714	2,714	2,714	2,420	-	-	-	-	13,389
2006B Program	781	781	781	781	781	3,904	3,904	3,904	1,333	138	-	-	-	17,088
2006C Program	527	527	527	527	527	2,634	2,634	2,634	926	197	-	-	-	11,660
2006D Program	550	550	550	550	550	2,748	2,748	2,748	2,748	1,095	-	-	-	14,837
2007B Program	633	633	633	633	633	3,166	3,166	3,166	3,166	3,166	3,166	1,270	-	23,431
2007C Program	829	829	829	829	829	3,978	3,937	3,453	3,332	1,999	-	-	-	20,844
2008B Program	312	312	312	312	312	1,561	1,561	1,561	1,561	1,250	-	-	-	9,054
2009A Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2009ACF Program	482	548	510	467	422	1,577	932	499	199	17	-	-	-	5,653
Total due each year	6,050	6,116	6,078	6,035	5,962	28,997	27,978	25,713	18,955	7,862	3,166	1,270	-	144,182
Total due	\$ 6,730	\$ 7,636	\$ 7,868	\$ 9,180	\$ 7,792	\$ 36,852	\$ 39,168	\$ 31,288	\$ 72,105	\$ 41,584	\$ 3,166	\$ 12,380	\$ 5,232	\$ 280,981

JEFFERSON PARISH FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

(3) Bonds Payable (continued)

The other bond programs have early bond calls based on the timing of the receipt of mortgage loan principal and interest payments. As excess cash is accumulated, the Authority is required to issue bond calls

The principal balance on defeased bonds outstanding at December 31 are as follows.

	<u>2011</u>	<u>2010</u>
1979 Program - (defeased by the 1991 Program)	<u>\$ -</u>	<u>\$ 12,500,000</u>
1985 Program - (defeased by the 1994 "1985" Program)	<u>\$ 32,595,000</u>	<u>\$ 32,595,000</u>
1991 Program (sold)	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>

(4) Net Assets

The net assets included in the 1991 Program, totaling \$7,518,000 and \$6,355,000 as of December 31, 2011 and 2010, respectively, are for the benefit of all Programs and available to the Authority for its purpose of promoting and providing residential housing in the Parish of Jefferson. Although unrestricted to a particular program, the unrestricted net assets must be maintained by the Authority until all bonds and programs are liquidated. The remaining net assets are restricted for specific operating uses as described in the trust indentures.

(5) Prior Period Adjustment

Certain errors resulting in an overstatement of previously reported net assets were discovered during the current year. The effect of the restatement at December 31, 2010 and for the year ended December 31, 2010 is summarized below.

Net assets at December 31, 2010, previously reported	\$ 19,969
Accrued interest at December 31, 2010 on the 2006B program	(606)
Accrued interest at December 31, 2010 on the 2006C program	(412)
Net assets at December 31, 2010, restated	<u>\$ 18,951</u>
Increase in net assets for the year ended December 31, 2010, previously reported	\$ 3,167
Interest expense for 2010 on the 2006B program	(138)
Interest expense for 2010 on the 2006C program	(99)
Increase in net assets for the year ended December 31, 2010, restated	<u>\$ 2,930</u>

JEFFERSON PARISH FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

(6) Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 6, 2012, and determined the following items require disclosure.

On January 30, 2012, the Authority sold all FNMA and GNMA certificates of the 2003A program. The investments in this program were sold to fund the full bond redemption which will be performed on June 1, 2013.

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS BY PROGRAM
(IN THOUSANDS)

AS OF DECEMBER 31, 2011
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

	1991 Program	2000G-1 Program	2000G-2 Program	2001BC Program	2003 A Program	2003 C Program	2004 A Program	2005A Program	2006B Program	2006C Program	2006D Program	2007B Program	2007C Program	2008B Program	2009A Program	2009ACF Program	Total
Assets																	
Cash and cash equivalents	\$ 4,979	\$ -	\$ -	\$ -	\$ 3	\$ 575	\$ 4	\$ -	\$ -	\$ 88	\$ 82	\$ 5	\$ -	\$ 233	\$ -	\$ 20,081	\$ 26,050
Investment securities at fair value	-	-	-	-	262	425	294	240	491	260	393	166	378	-	-	-	2,909
Mortgage loans receivable and mortgage-backed securities	2,649	-	-	-	7,152	13,057	9,200	12,813	17,256	11,800	11,752	12,278	16,936	5,619	-	5,573	126,085
Accrued interest receivable	12	-	-	-	29	54	40	52	70	47	49	55	74	26	-	19	527
Bond issuance costs net	-	-	-	-	148	241	202	224	337	227	192	188	379	171	-	1,056	3,365
Total assets	\$ 7,640	\$ -	\$ -	\$ -	\$ 7,594	\$ 14,352	\$ 9,740	\$ 13,329	\$ 18,154	\$ 12,422	\$ 12,468	\$ 12,692	\$ 17,767	\$ 6,049	\$ -	\$ 26,729	\$ 158,936
Liabilities and Net Assets																	
Liabilities																	
Bonds payable net	\$ -	\$ -	\$ -	\$ -	\$ 6,848	\$ 12,104	\$ 8,626	\$ 11,987	\$ 16,175	\$ 11,222	\$ 11,436	\$ 11,606	\$ 16,338	\$ 5,457	\$ -	\$ 25,000	\$ 136,799
Accrued interest payable	-	-	-	-	28	49	38	48	797	547	46	53	69	26	-	17	1,718
Other liabilities	122	-	-	-	-	-	-	-	-	9	-	-	-	-	-	49	180
	122	-	-	-	6,876	12,153	8,664	12,035	16,972	11,778	11,482	11,659	16,407	5,483	-	25,066	138,697
Net Assets																	
Restricted for debt	-	-	-	-	718	2,199	1,076	1,294	1,182	644	986	1,033	1,360	566	-	1,663	12,721
Unrestricted																	
Undesignated	3,195	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,195
Designated	4,323	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,323
Total net assets	7,518	-	-	-	718	2,199	1,076	1,294	1,182	644	986	1,033	1,360	566	-	1,663	20,239
Total liabilities and net assets	\$ 7,640	\$ -	\$ -	\$ -	\$ 7,594	\$ 14,352	\$ 9,740	\$ 13,329	\$ 18,154	\$ 12,422	\$ 12,468	\$ 12,692	\$ 17,767	\$ 6,049	\$ -	\$ 26,729	\$ 158,936

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM
(IN THOUSANDS)
FOR THE YEAR ENDED DECEMBER 31, 2011
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

	1991 Program	2000G-1 Program	2000G-2 Program	2001BC Program	2003 A Program	2003 C Program	2004A Program	2005A Program	2006B Program	2006C Program	2006D Program	2007B Program	2007C Program	2008B Program	2009A Program	2009ACF Program	Total
Operating revenues																	
Investment income on mortgage loans	\$ 119	\$ -	\$ -	\$ 594	\$ 385	\$ 706	\$ 515	\$ 684	\$ 914	\$ 582	\$ 617	\$ 687	\$ 910	\$ 324	\$ -	\$ 45	\$ 7,082
Appreciation (depreciation) in market value of investments	(4)	-	-	(619)	133	265	143	228	341	295	263	169	207	(40)	-	344	1,725
Investment income on investment securities	1	-	-	3	5	16	7	29	11	26	36	12	14	-	-	-	160
Gain on warehouse loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	333	-	333
Servicer release fee	23	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23
Total operating revenues	139	-	-	(22)	523	987	665	941	1,266	903	916	868	1,131	284	333	389	9,323
Operating expenses																	
Interest on debt	-	99	(254)	(173)	329	590	454	606	760	509	561	459	832	316	-	17	5,105
Amortization of bond issuance costs and other costs	-	99	320	206	16	27	20	20	32	20	14	111	35	12	345	15	1,292
Servicing fees	-	-	-	7	35	64	44	64	85	59	59	61	84	28	-	24	614
Trustee fees	41	-	-	-	3	5	3	5	6	4	5	5	6	2	-	-	85
Other operating expenses	644	50	-	245	-	-	-	-	-	-	-	-	-	-	-	-	939
Total operating expenses	685	248	66	285	383	686	521	695	883	592	639	636	957	358	345	56	8,035
Change in net assets before other financing sources (uses)	(546)	(248)	(66)	(307)	140	301	144	246	383	311	277	232	174	(74)	(12)	333	1,288
Other financing sources (uses)																	
Operating transfers	1,709	(498)	(732)	(473)	(17)	(31)	(21)	(30)	(65)	(38)	(39)	(32)	(55)	(10)	(998)	1,330	-
Change in net assets	1,163	(746)	(798)	(780)	123	270	123	216	318	273	238	200	119	(84)	(1,010)	1,663	1,288
Net assets at beginning of the period	6,355	746	798	780	595	1,929	953	1,078	864	371	748	833	1,241	650	1,010	-	18,951
Net assets at end of the period	\$ 7,518	\$ -	\$ -	\$ -	\$ 718	\$ 2,199	\$ 1,076	\$ 1,294	\$ 1,182	\$ 644	\$ 986	\$ 1,033	\$ 1,360	\$ 566	\$ -	\$ 1,663	\$ 20,239

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE OF CASH FLOWS BY PROGRAM
(IN THOUSANDS)
FOR THE YEAR ENDED DECEMBER 31, 2011
(SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT)

	1991 Program	2000G-1 Program	2000G-2 Program	2001 BC Program	2003 A Program	2003 C Program	2004 A Program	2005A Program	2006B Program	2006C Program	2006D Program	2007B Program	2007C Program	2008B Program	2009A Program	2009ACF Program	Total
Cash receipts for:																	
Investment income on mortgage loans	\$ 120	\$	\$	\$ 624	\$ 389	\$ 713	\$ 475	\$ 620	\$ 924	\$ 590	\$ 623	\$ 696	\$ 919	\$ 124	\$	\$ 43	\$ 7,072
Investment income on investment securities	1			3	5	16	7	39	11	26	36	11	14	7			157
Other revenue															333	49	382
Cash payments for:																	
Interest on debt		(4)	(18)	(162)	(362)	(638)	(489)	(656)	(720)	(479)	(604)	(706)	(946)	(343)			(6,127)
Servicing fees				(7)	(35)	(64)			(85)	(59)	(59)	(62)	(84)	(28)		(24)	(507)
Other operating expenses	(622)	(73)	(74)	(390)	(2)	(5)	(5)	(5)	(6)	(4)	(5)	(5)	(8)	(2)	(281)		(1,486)
Net cash provided by (used in) operating activities	(501)	(77)	(92)	68	(6)	22	(10)	(2)	124	74	(9)	(66)	(95)	(42)	52	51	(509)
Cash flows from noncapital financing activities:																	
Bond proceeds																25,000	25,000
Bonds redeemed (payments)		(1,069)	(3,700)	(5,285)	(805)	(1,445)	(886)	(2,200)	(2,445)	(2,054)	(2,380)	(2,364)	(5,125)	(1,339)	(25,000)		(56,097)
Bond issue costs																(176)	(176)
Operating transfers	1,709	(498)	(732)	(475)	(17)	(31)	(21)	(30)	(65)	(38)	(36)	(32)	(55)	(10)	(101)	415	
Net cash provided by (used in) noncapital financing activities	1,709	(1,567)	(4,932)	(5,758)	(822)	(1,476)	(907)	(2,230)	(2,510)	(2,092)	(2,419)	(2,396)	(5,180)	(1,349)	(25,103)	25,239	(31,273)
Cash flows from investing activities:																	
Proceeds from sale of investment securities				288				265	50					1,375	25,000		26,978
Proceeds from mortgage loan repayments	404			5,402	964	1,656	902	1,967	2,336	1,860	1,208	1,744	3,790				22,233
Acquisition of investment securities					(136)	372	15			158	1,220	721	927			(5,219)	(1,950)
Net cash provided by (used in) investing activities	404			5,690	828	2,028	917	2,232	2,386	2,018	2,428	2,467	4,717	1,375	25,000	(5,219)	47,261
Net increase (decrease) in cash and cash equivalents	1,612	(1,644)	(4,524)			574	4			88	82		(558)	(16)	(51)	20,081	15,479
Cash and cash equivalents at beginning of period	3,167	1,644	4,524		3	1	4			88	82		558	249	51		10,571
Cash and cash equivalents at end of period	\$ 4,979	\$	\$	\$	\$ 3	\$ 575	\$ 4	\$	\$	\$ 88	\$ 82	\$ 5	\$	\$ 233	\$	\$ 20,081	\$ 26,050
Cash provided by (used in) operating activities:																	
Net change in net assets before other financing uses	\$ (546)	\$ (248)	\$ (66)	\$ (307)	\$ 140	\$ 301	\$ 144	\$ 246	\$ 383	\$ 311	\$ 277	\$ 232	\$ 174	\$ (74)	\$ (12)	\$ 333	\$ 1,288
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities																	
Amortization of bond issuance and other costs		99	320	207	16	27	20	20	32	20	14	110	34	12	64	15	1,010
Amortization of bond (premium) discount		76	(128)	(453)	(30)	(42)	(31)	(41)	(75)	(62)	(33)	(237)	(91)	(20)			(1,567)
Unrealized (gains) losses on investments	4			619	(133)	(265)	(143)	(228)	(341)	(295)	(263)	(169)	(208)	40		(344)	(1,726)
Changes in assets and liabilities:																	
(Increase) decrease in accrued interest receivables	1			29	4	7	4	10	10	8	6	8	19	7		(19)	94
Increase in other liabilities	40														9	49	98
Increase (decrease) in accrued interest payable		(4)	(18)	(27)	(2)	(6)	(4)	(9)	115	92	(10)	(10)	(23)	(7)	(9)	17	94
Net cash provided by (used in) operating activities	\$ (501)	\$ (77)	\$ (92)	\$ 68	\$ (6)	\$ 22	\$ (10)	\$ (2)	\$ 124	\$ 74	\$ (9)	\$ (66)	\$ (95)	\$ (42)	\$ 52	\$ 51	\$ (509)

JEFFERSON PARISH FINANCE AUTHORITY

Schedule 4

SCHEDULE OF BOARD MEMBERS' COMPENSATION

FOR THE YEAR ENDED DECEMBER 31, 2011

The members of the Authority's Board of Trustees receive per diem payments for weekly Board meetings attended, approved committee meetings and services rendered and are also reimbursed for actual expenses incurred in the performance of their duties as members of the Board of Trustees. For the year ended December 31, 2011, the following per diem payments were made to the members of the Authority's board

Number of Meetings

	<u>Regular Board Per Diems</u>	<u>Extra Approved Per Diems</u>	<u>2011 Total</u>
Cash, Anthony J	43	2	45
Drawe, Michael F	45	4	49
Faia, Gregory	40	3	43
Johnson, Marvin T.	41	3	44
Lanning, Forrest H.	47	12	59
Lawson, Arthur S	33	3	36
Muscarello, Frank L	48	3	51
Templet, Ricky	33	6	39

Per Diem Payments.

	<u>2011</u>
Cash, Anthony J	6,750
Drawe, Michael F	7,350
Faia, Gregory	6,450
Johnson, Marvin T.	6,600
Lanning, Forrest H.	8,850
Lawson, Arthur S	5,400
Muscarello, Frank L.	7,650
Templet, Ricky	5,850
	<u>\$ 54,900</u>

See accompanying independent auditors' report.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

Board of Trustees
Jefferson Parish Finance Authority

We have audited the financial statements of Jefferson Parish Finance Authority (the Authority), as of and for the year ended December 31, 2011, and have issued our report thereon dated April 6, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board, the Authority's management and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.



Metairie, Louisiana
April 6, 2012